

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SS-20 NSC-07 SPC-03 SAM-01 CIAE-00

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TO SECSTATE WASHDC 5346

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

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E.O. 11652: ADS: DECLAS 3/13/75

TAGS: EGEN, EFIN, ELAB, ENRG, MT

SUBJ: PRICE AND WAGE PRESSURES

REF: VALLETTA 0411

1. IN REPLY TO PARLIAMENTARY QUESTIONS BY OPPOSITION MEMBER H. FARRUGIA, MINISTER ZUEREB INDICATED TRADE DEPARTMENT HAS RECEIVED APPROXIMATELY 60 APPLICANTS FOR PRICE INCREASE AUTHORIZATIONS SINCE NEW PRICES FOR GASOLINE, DIESEL, GAS AND ELECTRICITY HAVE COME INTO FORCE. NOT RPT NOT ALL APPLICATIONS WILL BE HONORED BY GOM. SIMILARLY, SEVEN TRADE UNIONS HAVE SUBMITTED CLAIMS TO GOM FOR COST OF LIVING WAGE INCREASES. FOUR OF THE UNIONS ARE ASKING FOR 32 PERCENT INCREASE, TWO HAVE NOT SPECIFIED THEIR CLAIM AND THE REMAINING GOVERNMENT EMPLOYEES UNION IS ASKING FOR A 4.7 MALTA POUNDS (ONE MALTA POUND EQUALS 2.59) PER WEEK INCREASE.

IN DISCUSSING THESE DEMANDS BY GOVERNMENT EMPLOYEES UNIONS FOR WAGE INCREASES, PM MINTOFF SAID IN PARLIAMENT HE WISHED TO CONTRAST THEIR ATTITUDE WITH THAT OF THE GENERAL WORKERS'

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UNION WHICH IS ALLIED WITH THE MALTA LABOR PARTY. ACCORDING

TO MINTOFF, THE GWU "LOOKS AT THE SITUATION GOOBALLY AND NOT FROM THE NARROW ANGLE OF SIMPLY GRANTING A WAGE INCREASE WITHOUT CONSIDERING IF IMMEDIATE WAGE INCREASES WOULD RESULT IN LOSSES FOR WORKERS THROUGH INCREASED PRICES."

2. COMMENT: PRESSURE FOR WAGE AND PRICE INCREASES ARE BOTH A DIRECT AS WELL AS INDIRECT CONSEQUENCE OF THE BROADER INTERNATIONAL ENERGY CRISIS, CURRENCY FLUCTUATIONS, AND INFLATION. THE EXTENT OF WHICH MINTOFF IS PREPARED TO ALLOW THESE EXTERNAL FORCES TO AFFECT HIS INTERNAL STRATEGY OF FISCAL RESTRAINT AND WAGE AND PRICE CONTROLS SHOULD BE REFLECTED IN THE FORTHCOMING BUDGET PRESENTATION FOR FISCAL YEAR 1974-75.
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